

APPENDIX 5

FY 2021 BUDGET PERFORMANCE

Vermont law requires that the Green Mountain Care Board establish the budgets of Vermont's hospitals, and mandates that "[e]ach hospital . . . operate within the budget established." 18 V.S.A. §§ 9375(b)(7); 9456(d). GMCB Rule 3.000 outlines the review process and parameters that the GMCB uses to assess budget performance and adjustments. GMCB Rule 3.000, § 3.401. Because the review of the FY21 performance will take place in the spring of 2022, the flexibility provided by Act 91 of 2020 may have expired.¹

The Uniform Reporting Manual outlines a methodology to compare actual budget results to the Board-approved budget for that fiscal year. However, the COVID-19 pandemic has created a high degree of uncertainty for FY20 and FY21, including when and how the pandemic will impact health care utilization, hospital revenue, and hospital expenses. Because of this, FY21 budget assumptions will be challenging and likely will not reflect actual experience. Given this uncertainty, the Board has modified its prior performance review and enforcement process. This policy reflects that budgets decided in September 2020 likely will not comport with actual experience.²

For FY21, if the GMCB determines that a hospital's performance has differed substantially from its *historical* budget performance and FY21 approved budget, the GMCB may adjust the hospital's budget in the FY22 budget process or in subsequent years. See GMCB Rule 3.000, § 3.401(c).

In addition, the Board may issue further guidelines, after consultation with stakeholders and discussion in a public meeting, to help provide the hospitals with clear expectations concerning application of this policy.

¹ Act 91 allows the Board to modify statutory and rule requirements for 6 months after the end of the state of emergency related to COVID-19.

² Please note that, as indicated above in Section I of the Guidance, the Board may review and modify COVID-related temporary charge increases mid-year.